



Transport Committee

Oral evidence: [Railway network disruption over Christmas](#),
HC 920

Wednesday 14 January 2015

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Members present: Mrs Louise Ellman (Chair); Jim Fitzpatrick; Mr Tom Harris; Jason McCartney; Karl McCartney; Mr Adrian Sanders; Chloe Smith; Graham Stringer; Martin Vickers;

Questions 1-123

Witnesses: **Mark Carne**, Chief Executive, Network Rail, and **Robin Gisby**, Managing Director, Network Operations, Network Rail, gave evidence.

Q1 **Chair:** Good afternoon gentlemen, and welcome to the Transport Select Committee. Would you both give your name and position please?

Mark Carne: I am Mark Carne, the chief executive of Network Rail.

Robin Gisby: I am Robin Gisby. I am the managing director of Network Operations at Network Rail.

Q2 **Chair:** The Committee has now had the opportunity of reading the report that Network Rail commissioned into the disruption over Christmas, and also to look at some of the work completed by Passenger Focus. It appears that there are indeed some elements of farce amongst the chaos. The equipment bought to reduce the risk of breakdown broke down itself. Safety clearance took five times longer than anticipated. There was no contingency plan to address the situation that arose where two stations had closures. Passengers were directed to an overcrowded Finsbury Park station, where a signal then failed. Some passengers tweeted blank information boards illustrating the lack of information on what was going on. That is a picture of chaos, Mr Carne. Does that mean there was a breakdown not just of Network Rail but of the whole rail sector?

Mark Carne: Madam Chair, let me start off by once again unreservedly apologising to all the travelling public on 27 December who were affected by the two incidents at King's Cross and at Paddington. Clearly this was an unacceptable situation for them and they had a very difficult day.

We tried to produce a report, and I think we have, that is as clear and as open and transparent as possible into the circumstances that led to those events. As the reports

highlight, there was a sequence of individual, and in their own terms, quite small, events, but which conspired in such a way that they created this unacceptable situation for passengers. It is also very clear that there are a lot of lessons for us to learn from that. We have tried to draw those out as best we can at this stage, although there is still more work to be done together with the industry to look at how we can improve the service to the travelling public.

Q3 Chair: You refer to small incidents, but the cumulative effect was massive disruption which affected thousands of people over a very busy holiday period.

Mark Carne: Absolutely.

Q4 Chair: Why didn't passengers get proper information about what was going on once that disruption began?

Mark Carne: As I said, there was a sequence of small events that escalated in the way they did. Early on Christmas day at around nine o'clock in the morning, a very critical decision had to be taken—I am now talking specifically about King's Cross. The decision was taken to carry on with the digging out of the ballast, which was 6,000 tonnes of the foundations of the railway. Critically, once that decision is taken there is no going back. There is no contingency plan, if you like, from that point. You have to finish the digging out and you have to rebuild the railway. That happened very early on in this possession, but by the evening of Christmas it was already becoming clear that the plan was unrecoverable. As the report highlights, at that point in time better indications could have been given to the train operating companies of the scale of the problem. As it was, it was not until one o'clock on Boxing day that the overrun was finally declared. At that point in time the full contingency planning process that we would normally have in the industry kicked in.

Robin can share with the Committee the precise details of the communications that were shared with passengers using the variety of means available to us to inform them of the disruption that was likely to occur the following day. It is also clear that on the day itself the quality of the information that was ultimately provided to passengers was not adequate.

Q5 Chair: The report talks about a mutual breakdown of communication. Was there a plan for communication between Network Rail and the rail companies?

Mark Carne: The mutual breakdown of communication was at a very important stage in the contingency plan. We did have a contingency plan for the effective use of Finsbury Park station, which had been agreed on the evening of Boxing day between ourselves and the train operating companies. Essentially, that would have involved bringing southbound trains into platform 4, allowing the passengers off on to an empty platform, and then moving the train out and bringing it back in to platform 5, where the passengers who wanted to get on to the train would have been waiting. Unfortunately, on the morning of the 27th a communication between the train operating company staff at the station and the Network Rail staff at the signal box took place. The station staff said it would be easier if the train stayed at platform 4. They had already had 100 trains run through the station that morning satisfactorily.

That, unfortunately, was really the root cause of the overcrowding at Finsbury Park, as far as I can see. Basically all the people who wanted to head north were ferried on to platform 4, which is quite a narrow platform; it is narrower than the width of these desks. The platform was full and then the train came in. Of course, you then have 800 or 1,000 people trying to get off on to an overcrowded platform. It was the mutual failure of communication that led to a lot of the congestion at Finsbury Park.

Q6 Chair: Did you have contingency plans to do with conveying information in a situation like this? You must have thought of possible scenarios where things went wrong. Was there a contingency plan on relaying information?

Robin Gisby: In all the planning of the work from a year or two out, there was a series of meetings between the Network Rail route and the affected train operators about the right time to do the work. Some of the detail is in the early stages of the report. The balance that was reached was that we would open up a couple of lines into King's Cross and run a limited service because we recognised that it was a very important time for passengers to travel. Also, unusually on a Saturday, the Moorgate lines were open so that there was an additional access into London. The plan was to do that.

The contingency plan that was then developed was in the event of an overrun of two or three hours. When the long-distance trains come at you at that point—the first train due in was a Hull train at about half-past nine or quarter to 10 in the morning—you clearly have to decide where they are coming from two or three hours away. You have to make a decision that morning. Do you let the 07.30 start coming at you from Bradford as you finish off the work at King's Cross, at Holloway?

The contingency plan anticipated the possibility of an overrun of two or three hours, and what we would do in those circumstances. At no time did it consider that we would never get anything back at all. As Mark was explaining earlier, if you go back to the position that the work site got into during Christmas and into Christmas night, trying to put in a contingency plan during Boxing day afternoon and dealing with that many pre-booked passengers who we clearly want to get home as easily as we can—we do not want anybody stranded at all at the end of the 27th—is quite difficult.

There will be debates and questions about whether Finsbury Park is the right place to use. In those circumstances, in the joint discussions that happened on Boxing day afternoon between all the train operators involved and the Network Rail control in York, it was the right decision. I was made aware of it very quickly, and I would have endorsed that decision again. In the circumstances you are in, if you have to try and move those passengers and you have no access to King's Cross—everybody agreed that the platform configurations and the concourses at Finsbury Park were entirely unsuitable compared with King's Cross, and were clearly going to cause very great difficulty for passengers—there was nothing else we could do. If I could refer the Committee to the report that GTR have given you separately from the questions you have raised here, it says very clearly that it was a common and joint decision to use Finsbury Park, and that any other decision would have caused even more discomfort and difficulty for passengers on top of the very difficult journeys that we gave them anyway; so it was the right thing to do.

The plan to put the commuting services, the shorter distance services, southbound through platforms 1 and 2 and northbound through 7 and 8, with some of them continuing on to

Moorgate, got them out of the way, but, as Mark said earlier, in the first hour or two there were some that came on to platform 4 and went off on platform 4. Unfortunately, the decision then locally to put a couple of long-distances on to platform 4 compounded that. One also has to remember that at that time, by about 9.20 or 9.30, the station was pretty full anyway. A lot of people had responded to the messages that the train operators had already been putting out since late on Boxing day and had come to Finsbury Park quite early to get any train northbound to get home. You had a situation in which the station was quite full. The conversation between the station manager and the Network Rail signal box about whether it was 4 or 5 had taken place at quarter to nine. From quarter to nine to quarter to 10 the place had got busy and it had got northbound passengers on platform 4. That was an error.

There were a lot of local staff there. It is really up to the train operators to confirm exactly their roster of staff, but there were a good dozen GTR staff there and six or seven East Coast staff. Transport for London responded very well, as did the British Transport Police. In that situation, as it got more difficult, they quite rightly closed the station, because there were still trains coming at it northbound. If you go through all the individual trains, you can see that the first two East Coast trains that were due out at 11 o'clock and 11.30 depart, seven or eight minutes late and about 40 minutes late in the next case. After that you really have to freeze the thing, get everybody moved away from what must have been a very difficult situation for them and then restart operations. That is what the local front-line staff did in really difficult circumstances. They coped very well. It must have been extremely difficult for passengers. Once it restarted you can then see, as you are running properly northbound off platform 4, that the delays to the trains and the queues of people at Finsbury Park start to come down. It was still very difficult.

Chair: It is clear that a lot of people undoubtedly did try, but we are concerned about the planning of it and the lack of foresight in the situation that developed.

Q7 Karl McCartney: I was very interested to hear you initially start to blame local staff but then commend them. I am very pleased to hear that because obviously it was a tough job for them to do on the day.

I want to take you back to contingency planning. It was good to hear that you have done some, but at what point does that become crisis management? You knew on Christmas eve that the works were not going to be done but did not declare that until one o'clock the following day and then had meetings later in the afternoon on Boxing day. Surely those meetings should have been called at eight o'clock on Boxing day, and you should have been deciding exactly how you were going to deal with all those people who were going to have to go to Finsbury Park. Of course, it was not an ideal situation. Maybe some senior management should have been on site to make sure that any mistakes that potentially were made by people on the ground with platforms 4 and 5 were overruled, saying, "No, this is what has been agreed by all the companies involved." Maybe there would not then have been the problems that there were.

Mark Carne: As I said, the overrun was formally declared at one o'clock on Boxing day.

Q8 Karl McCartney: In hindsight, would you have declared it earlier?

Mark Carne: I think it could have been declared earlier, absolutely. It could have been declared earlier in the morning, and possibly even late in the evening on Christmas day. Clearly that would have allowed more time for there to be contingency planning.

There were contingency plans in place. It is important for the Committee to understand that we are used to developing contingency plans. We have to develop contingency plans every day for new circumstances that arise because we do not know where problems are going to occur. Our teams and the industry as a whole are extremely effective at developing the most appropriate contingency plan at a moment in time, so although it could have been declared earlier, and it would definitely have allowed more time for the planning of the contingency, I do not think it would have resulted in a different application of a contingency plan.

Q9 Karl McCartney: Maybe different communications.

Mark Carne: Certainly there would have been more time to alert people to the situation. There was of course widespread news coverage on the evening of Boxing day about the disruption, asking people to make their way directly to Finsbury Park and so on. Perhaps a few more hours could have been gained in that regard; I certainly accept that.

Q10 Karl McCartney: Who was the most senior person involved in the decision making at whatever time it took place on the afternoon of Boxing day?

Robin Gisby: I was involved in it from the declaration of the overrun at 13.40 on Boxing day through the rest of the day until midnight. I was in communication both with Mark and also with the route team in York, and with Transport for London, with Peter Hendy and the rest of his team. That is how we developed the plans. I was quite conscious that, within the route and within the train operators, the right professional people were making the right decisions all the way through. They were doing the right thing. They were using a version of the plan that we all have if we have any difficulty at King's Cross, but there were a series of really quite exceptional circumstances. If we lose King's Cross at other times—it does happen—you can use the midland main line. You can use Euston and the west coast main line. The midland main line was already oversold and full because it was a busy time—it was the first day back after Boxing day—and the west coast main line was closed at Watford, so those two options were not available.

The second thing is that it was Boxing day. Quite a lot of train operating staff, quite reasonably, were stood down because there were no trains to run. We got them involved and they stepped up as quickly as they could once we declared the overrun. The third thing was that it was very difficult, late on Boxing day, to get things like barriers, direction signs and everything else. When you look back to other big events we run, such as big sporting events and concerts, in happier times like the Olympics and in difficult times like the storms a year ago, we are able to put in place better physical measures.

Q11 Chair: But the question here is about contingency planning if things go wrong. Mr Gisby, is what you are saying that you actually take the decisions? What about the situation you mentioned before, where it appeared that perhaps station staff and signal box staff were deciding what might happen? Would they decide that without reference to you or to somebody else in charge of the plan?

Robin Gisby: The plan was developed in a series of conference calls during the afternoon and evening of Boxing day. There are conference calls going on in the industry right now because of the difficult weather that is coming in the next 24 hours. The industry does this collectively all the time, and generally pretty well. I did not make the decision. I was certainly aware of it, because it was clearly going to be a very difficult incident for passengers. That is something I like to be aware of, and I did make some senior connections with Transport for London and so on.

The point we are coming back to on the time at which it was declared is that had we all had a little bit more time on Boxing day, we could have put in more physical preparations and perhaps rehearsed something late on Boxing day. With the level of communication that there was during Boxing day, what happened the next day was that a lot of passengers came at that station very quickly and it was choked, because it is not suitable for dealing with that quantity of passengers.

Chair: All of this explanation really does not answer the basic questions about contingency planning. I am asking what thought was given to when things go wrong.

Q12 Karl McCartney: It seems to me that you have learned lessons in hindsight, which is good to hear, but would you do anything different from what you did? What I am taking from your answer—I do not know whether other members of the Committee are—is that you think you made the right decisions and you would do the same again. Is that correct?

Robin Gisby: I would seek to find ways to make those decisions earlier. We just did not have enough time on Boxing day to not only develop the plan but test it physically.

Mark Carne: Also, I do not think the communication of that contingency plan to all the people involved in its activation was effective enough, because of the decision around the 4/5 platform move. The people there should have known more clearly that this was the required step, which had been agreed and should have been taken. They were not entirely clear and that is why they made the decision to leave trains on platform 4. There is no question; there are improvements we can make there in terms of the communication of the contingency plan so that it is properly put into place.

Karl McCartney: Thank you both for that. It reassures me that you are better placed than Gatwick when they stood in front of us.

Q13 Jim Fitzpatrick: I have a few quick questions. Your unreserved apology is obviously welcome. You did not have anywhere else to go on that, but I think people recognise that you are acknowledging the failures. The last time you were here, Mr Carne, it was in much happier times and you were telling us how well Network Rail did at Dawlish with the repairs and restoration. This is a much more difficult and different situation.

I want to press you, Mr Gisby, on the communications on platforms 4 and 5. Who made the decision and why was it made? At senior managerial level the night before, they said, “This is the way to do it.” None of the long-running trains had come through. The 100 trains that had come through were the short-running ones. Who made the decision and how was that arrived at? Secondly, the Chair raised the question of communications at the station and the annunciator boards. What percentage of e-mail addresses or mobile telephone numbers did you have for passengers so that you could communicate in advance

with them as you saw things were moving from a four-hour delay to a six and then a 15-hour delay, to discourage them from turning up or to make alternative arrangements?

Your report indicates that you had a 95% risk assessment that you would be able to hand back the railways, but through the report there is mention of new and untested equipment. There were too few drivers. There was wrong loading of wagons, failure of equipment and inadequate numbers of technical staff. How do you arrive at a 95% assessment when so many things went wrong in respect of the contingency arrangements?

My last two points are these. Were there penalties for the companies that let you down? What is the percentage of work undertaken in-house and by contractors? Was that a significant issue in the course of events?

Robin Gisby: I think that was five questions. I will do one and two, and then I will hand over to Mark. On the second one, the decision was made locally between the station manager and the signal box. As Mark said earlier, they should have been briefed better from the previous night shift—the discussions had been going on—because all parties were involved and the plan was clear. There was a stated preference in a conversation between the station manager and the signal box to continue to use platform 4 for the first long-distance that came in.

Q14 Jim Fitzpatrick: But you must have arrived at the decision the night before at senior managerial level to do 4 and 5.

Robin Gisby: Yes.

Q15 Jim Fitzpatrick: Yet it was overridden by a less senior manager. How were they able to override those decisions?

Robin Gisby: That is part of the investigation that still needs to come out of this. On the second one, no, we would not have the detailed passenger information. That is entirely a matter for the train operators. I know GTR responded to the Committee and I am sure that East Coast and others will. The industry deals with the communication of an overrun and messages about travelling in lots of different ways; by broadcast media, e-mails and everything else. The detail of getting through to individual passengers with reservations is a matter for the train operators and I am sure they could provide that to you.

Mark Carne: On your other two questions, Mr Fitzpatrick, after the Rugby overrun in Christmas 2007-08, there was a very significant piece of learning and interrogation of what happened then. As a result, a new way of working within Network Rail was developed, which includes this really detailed risk assessment of all the works that we execute in our major projects.

We break down the project into its individual activities and say how long we think that activity would typically take. Of course, every single activity has a range of durations associated with it, because it depends on the weather, the conditions and the competence of the people you happen to get on the day. There is a whole range of factors. Each individual activity can vary in its length. By combining all of those things, we then take a statistical view as to what the length of the work will be. Using that, and using industry-established criteria, we then determine whether or not we have a reasonable probability of achieving the possession on time. The criterion is normally 90% confident, but we use

95% confidence levels to give us a higher level of confidence. The high level of confidence that you require means that either a planned possession takes longer, which in turn causes other forms of passenger disruption, or you will incur a higher cost to achieve that level of reliability. You will have to have more spare equipment, more spare people and so on. It does not come for free to try to get to a higher level of reliability.

In fact, we had an enormous programme of works over the Christmas and new year period. It was the largest programme of engineering works that we have ever had. There were 300 projects across the country and over 800 possessions of the railway; and 99% of them came back on time. Statistically, the approach works reasonably well but, as I said in my letter to Madam Chair, I know that this is of scant comfort to those members of the public on the day who suffered that particular event. Of course, whenever you look into these events you can see very simple things if only you had done it differently. If only it could have been done differently and we could wind the clock back and say, “Yes, why didn’t we test those grabs beforehand?” These are the sorts of lessons that we need to learn and that we are determined to work on as we strive continuously to improve our performance.

Since 2007, the delays associated with the overrunning of engineering works have halved. There have been significant improvements. They have halved at a time when we have doubled the amount of money we spend on these sorts of works. The amount of work we are doing today has doubled in the last five years and the amount of planned time in which we have to execute that work has stayed the same. We are trying to fit twice as much work into the same amount of time and we are having half the number of delays, so there have been significant improvements. But, of course, there is more to do.

Your final question was about the penalties on our contractors and suppliers. Of course, we have an accountability framework within our organisation, which spreads through the organisation and indeed also extends to the suppliers and contractors we work with. The two scenarios are slightly different, so if I may I will take each in turn.

On Holloway, the work was executed by an alliance. It is essentially a form of joint venture between ourselves, Network Rail and Amey, and a design element of Amey as well. By working collectively together on a long-term contract we believe we can encourage the contractors, because they have confidence of the work, to recruit people, train them and develop them. We can work collectively as one team and drive performance up. It is a risk-reward contract, so you earn a prize, and that can be eroded if you don’t deliver the performance. As a result of this failure on this particular job, they will lose about 25% of the total annual prize that was available to them. It is a significant penalty to the contractor. In the case of the signalling contractor we had appointed for the Paddington works, there is a range of penalties, depending on how long the delay is. It would be in the region of £200,000. Again, that is a significant penalty for the contractor.

Q16 Jim Fitzpatrick: Do you think that you tried to squeeze too much into the King’s Cross works in too short a period, or is that too simplistic an assessment?

Mark Carne: I do not think that is right. We are trying to do an enormous amount of work at the moment without increasing the length of time that these possessions take overall, because we know that whenever we extend the length of time it has a huge impact on the travelling public. We are trying to do more and more, and get more and more efficient at

it. What this highlights is that the consequences of getting it wrong, especially at Christmas time, are very significant.

I think I spoke to the Secretary of State on the afternoon of the 27th. We discussed my decision to have a review of what had happened, which I would make public, and which we have done. Secondly, we discussed the broader question of the wisdom of carrying out these kinds of major works in such a compressed period of time over Christmas. It is the conventional wisdom that this is the best time of year to do the work. We have two days when the railway is closed and when the numbers of passengers are roughly half what they would normally be during a working week. It is the time when historically we have always said it is the right time to do it, but I think it is right for us to have another look at that, together with the train operating companies. There are different kinds of people travelling at Christmas, with different demands and needs. They have suitcases and children, and there are elderly people visiting friends and families—different kinds of passengers that we need to look after at those times.

Equally, when we compress so much work into a very short period of time we stretch the resources available to us—inevitably. Perhaps by spreading the work more evenly we can lower the cost and not run the risk of disruption at Christmas, but there will be a compensation in causing additional disruption at other times of the year. I have spoken to Anthony Smith at Passenger Focus on this—

Chair: We may well want to develop that, but I want to concentrate a bit more on what happened, what went wrong and what you could have done differently.

Q17 Martin Vickers: Finsbury Park is the obvious alternative, inasmuch as it is the closest station to King's Cross. Putting aside the confusion about platforms and so on, obviously the capacity is very limited. Has any consideration been given, and would it be possible, to saying, for example, that if you are a Leeds train customer you should go to Finsbury Park and if you are going to Newcastle and Edinburgh you should go to Stevenage? Is that a possible alternative?

Robin Gisby: That was discussed during the previous evening. Yes, it would be nice to have something quite simple. From the original decision of about six trains an hour into King's Cross, which would have been what was sold, in the end we only had two because of the difficulties at Finsbury Park. Others went to Peterborough and made a change there.

The further complication is arrivals and departures and matching up the rolling stock. As well as the station getting very full here, the only way to empty the station is by train, and some of those trains are further north. It is something that we want to work further into the contingency plans, which we have started off not just at Finsbury Park but round the whole of London. If you go to each of the major London stations, you have to look at the one, two or three further out in case you get into a similar situation.

Q18 Martin Vickers: In terms of information to passengers, I am sure that we have all been delayed at some time or another at an airport or a station, and it is incredibly frustrating. We saw that on the TV news and so on. Your report says that you gave 14 hours' notice of the King's Cross closure to the train operating companies. I think I am right in saying that King's Cross is a station directly managed by Network Rail, so who is more responsible for keeping

the passengers informed? Does it fall on Network Rail or on the operators? Are any changes needed to the present arrangements?

Robin Gisby: It is primarily led by the Rail Delivery Group and the train operations. They have a large piece of work going on in that area across a range of communication channels, given developments in social media and so on. What happened here would be what happens everywhere. There is a joint decision about what the alternatives are. There is joint agreement about the messaging of that and then each train operator puts it out through all the different channels. That started happening quite early on Boxing day. The Committee already has the submission from GTR. I have also seen the other comments that have been made by East Coast, Hull Trains, Grand Central and so on. That will go out through a range of media, not just through King's Cross. There would not have been anybody at King's Cross on Boxing day to talk to because it was shut. It would go out through a lot of different channels.

Q19 Jason McCartney: If I was a railway engineer, how much more could I expect to receive in pay for working over Christmas than for working during the summer months?

Mark Carne: I would say probably two or three times more, but I would have to come back to you. It would depend exactly on the individual contract and terms and conditions, but I am sure it would be at least two or three times.

Q20 Jason McCartney: A substantial amount of money for working over Christmas.

Mark Carne: Absolutely, yes.

Q21 Jason McCartney: In summary, this debacle has cost a lot of money as well. You paid a lot of money for this chaos.

Mark Carne: We paid a lot of money to try to do this huge amount of work in a very short period of time, at a time when the railway is not being used by many passengers, so that we minimise the amount of planned disruption for the travelling public. As I mentioned to Mr Fitzpatrick earlier, if we moved some of these shutdowns to different times of year, yes, we would be able to carry them out at lower cost. It would cost us more to buy access to the track from the train operating company, but it would cost us less in terms of the cost of contractors, and it would cause more planned disruption to the travelling public.

Q22 Jason McCartney: Are you expecting to be fined by the ORR?

Mark Carne: The ORR will carry out their own investigation, and I will await the conclusions of that.

Q23 Jason McCartney: Are you expecting to be fined though?

Mark Carne: I do not have a view on that. I think we have been as open and clear as we can be about what happened. It will be for the regulator to decide if regulatory enforcement is required.

Q24 Jason McCartney: I know it is purely hypothetical, but if you were fined, where would that money come from? Would it be levied on the passengers to cover that cost?

Mark Carne: As you say, it is hypothetical.

Q25 Jason McCartney: Yes; let us just be hypothetical for a moment.

Mark Carne: The fines will be paid for by Network Rail, which ultimately is a public body.

Q26 Jason McCartney: When you receive a fine how do you work that into a balance sheet? Do you have funds set aside for that?

Mark Carne: No, we do not have funds set aside specifically for the purposes of paying fines. We are jointly funded through the payments that we receive from the train operating companies and through a network grant. Ultimately it will be funded from those sources of funds.

Q27 Jason McCartney: You have already set a personal example by saying that you will not take your bonus which was due.

Mark Carne: That is correct; yes.

Q28 Jason McCartney: What was your thinking behind that?

Mark Carne: First, as I said, both these incidents were the combination of a whole variety of small individual incidents that conspired in such a way through our organisation as to cause an unacceptable performance for the travelling public. Ultimately I am the only person who is accountable for the way all those things come together. I think that collectively we did not do a good enough job. That is the first thing.

In my opinion, bonuses are earned on the performance of a company over a year, not over a single day or a single event. I know that the performance of the railway today is not meeting the travelling public's expectations on a number of fronts. We have a huge and very exciting programme of work to do. I am absolutely committed to driving the performance improvements forward, but we are not delivering.

Q29 Jason McCartney: How much has it personally cost you by saying that you will not take your bonus?

Mark Carne: I cannot speculate on that because I do not know what the ultimate bonus might have been. That decision is not mine.

Q30 Jason McCartney: Is it tens of thousands of pounds?

Mark Carne: The decision is ultimately the responsibility of the remuneration committee of the company.

Q31 Jason McCartney: Sure. But are we talking tens of thousands of pounds?

Mark Carne: It is potentially of that order, yes.

Q32 Jason McCartney: So it is a big cost. I am interested in the time line of the actual day itself. I saw Mr Gisby in his cagoule on the news outside King's Cross station. You say it was declared at 13.40 on Boxing day that there was going to be this delay. Mr Carne, where were you when this was happening over Christmas?

Mark Carne: I was at home in Cornwall.

Q33 Jason McCartney: Did you come back at any stage?

Mark Carne: We run a railway 365 days a year, 24 hours a day. The busiest times for the railway are during the working week, but for our engineering and projects teams the busiest times are at night, at weekends and over bank holidays. We have to have a very clear chain of command when something goes wrong, because when something goes wrong it is extremely unlikely that all the people in the chain of command are going to be in the same place. We have to be on duty and we have to be on call at any point in time, and available to take part in the decisions that are required.

Q34 Jason McCartney: Were you in telephone communication on the afternoon of Boxing day?

Mark Carne: Yes, absolutely. I was first informed at about two o'clock on Boxing day afternoon by the director of projects that an overrun was going to be called. At that moment I came on duty, if you see what I mean. I immediately spoke to him about the underlying cause of this, what had happened and what could be done to ensure services.

Q35 Jason McCartney: Did you come back at any stage? I saw Mr Gisby a lot on the news giving interviews. Did you come back?

Mark Carne: No. May I just take you through the sequence of events?

Q36 Jason McCartney: It might be a long answer. I am really just interested to know whether, as the chief executive of Network Rail, you made the decision to come back and be on the ground to see first hand what was going on.

Mark Carne: No, because I discussed with Robin as the operational executive—

Jason McCartney: That is the answer I need to my question.

Q37 Chair: You were in communication.

Mark Carne: Yes, I was in full communication with Robin, Francis, the chairman and others. We agreed that Robin, as operations executive director in London, would represent the company.

Q38 Jason McCartney: Where was the chairman of Network Rail at this time?

Mark Carne: I spoke to him both by e-mail and by phone.

Q39 Jason McCartney: On Boxing day.

Mark Carne: I e-mailed him on Boxing day.

Q40 Jason McCartney: Where was he?

Mark Carne: I do not know exactly where he was on Boxing day.

Q41 Jason McCartney: Do you have a vague idea where he was? Was he in the UK or overseas?

Mark Carne: I am sure he was in the UK, but I do not know where he was. He lives in Wales but I do not know whether that is where he was.

Q42 Jason McCartney: Did he get back to you? Did you speak to him?

Mark Carne: Yes; I spoke to him on the 27th, and I spoke to the Secretary of State.

Q43 Jason McCartney: But not on Boxing day.

Mark Carne: No. I e-mailed him at 10 o'clock on Boxing day evening.

Jason McCartney: Pm.

Mark Carne: Pm.

Q44 Jason McCartney: So at no stage during Boxing day when all this was happening did the chairman of Network Rail have communication with either of you two.

Mark Carne: No, because he does not have—

Q45 Jason McCartney: Sure. I am just trying to find out. This is all about communication and response to unforeseen circumstances.

Mark Carne: I understand. You are correct; I informed him that there was an overrun. I also informed him at that stage that we had a contingency plan that we thought was manageable but that there would be disruption on the following day.

Q46 Jason McCartney: Talking about contingency plans, I used to be in the Royal Air Force and we used to practise for if the airfield went down. When did you last have an exercise at Finsbury Park to rehearse and go through what would actually happen if you had to use that as an alternative terminus? When did you last have a major exercise there, with all your staff, to see how to use that? When did that last happen?

Robin Gisby: We would not do that. We would not get access to Finsbury Park 24/7 to do that. We put in contingencies elsewhere. We did it during the Olympics and we did it during the storms. We have planned exercises elsewhere on the railways.

Q47 Jason McCartney: When would you last have had a training exercise with the staff at Finsbury Park?

Robin Gisby: I could come to you with a date on that for Finsbury Park or any of the other stations. I could also come back to you on when we have put in contingency plans at any of the major stations.

Q48 Jason McCartney: Certainly, seeing the news that day and being on the Transport Select Committee, I took a great deal of interest—I use the east coast line every week and will be going home on it tomorrow night; hopefully it is operating, with the bad weather back home in Yorkshire—and there were streams of passengers out on the street, which looked dangerous. They were exposed to the elements. I am interested in knowing what kind of practice there was with managing passengers and communicating with them. Basically it looked as though there was nothing going on there at all. Certainly on vox pops with

passengers it looked absolute chaos. I want to know what practice, communications, training and skills—

Q49 Chair: Has there been any specific practice on that?

Robin Gisby: Perhaps I could refer the Committee back to GTR's submission. It says very clearly in the executive summary that GTR manage Finsbury Park. It is their station. They have quite a lot of experience. For example, when Arsenal were playing at home—

Chair: There is quite a bit of detail on that in the report.

Q50 Chloe Smith: Mr Carne, in June last year you were before this Committee. You said that you would be “the first to recognise that more work needs to be done to plan some of these activities in a better way so that we do not get caught out by surprises on the night”. It will not be any surprise to you that since June there have been many more overruns up and down the network than just the one at Christmas that we are now talking about. You have also just said to the Committee that you think the team is extremely effective at developing contingency plans. You are not. How do you justify that statement when this continues to go on, yet with quite great time intervals you are saying, “We are not good enough; we need to get better,” but you are not getting better enough?

Mark Carne: It is about the context. We are embarking upon a huge programme of works at the moment. It is twice the volume of works that we were doing only five years ago, and 99% of the time the teams get it right. That is the engineering part of it. Most of the time, when we do not get it right and we have to put in place a contingency plan, we manage to get the contingency plan to work well. It is a very rare occasion, fortunately, when both parts of the equation do not work as well as they should. That was absolutely the case in the Finsbury Park event.

I am relentlessly determined to improve the underlying reliability of the service. Today, the reliability of the train service is not what we would want it to be, and it is certainly not what the travelling public expect. There are things that we have to do to improve that. We need to look very hard at the way we execute all elements of our projects. If I may give you an example, we had the road-rail vehicles fail at the work site, but over the last two years we have had a programme of works across the company to say, “How can we improve the reliability of road-rail vehicles?” We have seen a 50% improvement in their reliability over the last two years through that focused attention. It is about taking every individual element of our work and saying, “How can we do it better? How can we really strive to improve reliability?”

Can I sit here and say to you that this will never happen again? I am not going to say that.

Q51 Chloe Smith: I am pleased that you go to the level of individual work elements, but why is it that there was no operational contingency plan specifically for a project that anticipated all four lines remaining closed on the 27th? That does not sound to me like a team that is being extremely effective at delivering the right contingency plan at the right time.

Mark Carne: Miss Smith, I fully accept that. The first recommendation is that we need a joined-up operational and project contingency plan that puts passengers as the focus. I do not think we did that well enough in this case.

Q52 Chloe Smith: In your evidence to us in June last year you also said, “If things do not go right, people must feel the consequences.” We have discussed your own bonus. In some of what Network Rail submitted to the Committee, the following line occurs: “...it was still believed that two of the four railway lines could be opened on the morning of...27 December.” For people to feel consequences, you need to know who your people are. Why did you say “it was believed”? Who believed that and what has since happened to that person?

Mark Carne: There is a whole number of decisions that were taken through this whole process that we will be reviewing. Each one of those people will be having a conversation around their performance in the job. There will be discussions around what the individual consequences should be for the individuals involved.

Q53 Chloe Smith: I will not ask for their names, but do you know who those people are?

Mark Carne: In the chain of command, yes. I do not know the names of every individual person, but we have a performance management structure within the company where each individual person has a performance discussion with their supervisor. Their remuneration and prospects in the company depend on their ability to deliver and perform. If they do not deliver and perform, we try to understand why: is it because they have not been properly trained or because they have not been given the right kind of development opportunities and so on? We try to work in a way that gives everybody the opportunity to be the best they possibly can be when working in our company. That is the kind of company we want to be. Unfortunately, we do not always get it right.

People do not come to work to do a bad job. People come to work to desperately do a good job. We had 11,000 people out there desperately trying to do a good job on those days. They did not make all the right decisions at all the right times. We will learn from that and, perhaps more importantly, they will learn from it as individuals, and hopefully make better decisions going forward.

Q54 Chloe Smith: At the same time as this disruption, Network Rail put out a report over Christmas. It is entitled “Improving Connectivity”. Your organisation has been working with various partners in the east of England on a taskforce appointed by the Chancellor to reduce journey times between London and Norwich. This report proposed increasing journey times up the great eastern main line. In the light of all you have said, and in the light of what we are discussing here today, do you think that your left hand knows what your right hand is doing?

Mark Carne: I think you are significantly misrepresenting that report. I think it is an absolutely ground-breaking report on improving connectivity in the Anglia area, which looks at fundamentally changing the way we timetable and use trains to deliver vastly improved services for the vast majority of people. If you look at the timetable benefits for people across East Anglia, they are really significant. I think it is a very exciting piece of work, which fundamentally challenges some of the ways we think about our railway today. I commend people to look at it and review it, because it is quite ground-breaking.

You also referred to the work we are doing with Transport for the North, looking at faster journey times there. I am a strong supporter of the opportunities to improve journey times between Leeds and Manchester. The chairman of our company is working on the—

Chloe Smith: I am sorry to stop you there; we are talking about different things.

Chair: Mr Carne, I know the question was put to you, but really this is not about other things. This session is about what went wrong and how it is going to get put right.

Q55 Mr Sanders: Following on from Martin's question, he asked whether it was possible to tell people to go to another station and you gave an answer to that. I was wondering what would happen if you made provision for the train to stop at every station and allowed passengers a choice of stations, rather than being told, "If you are going somewhere, you must go to this station." You could say there is Hornsey, Alexandra Palace or Haringey. Although they do not integrate with tube lines like Finsbury Park, nevertheless it might have lessened the numbers of people going to Finsbury Park. Is there a practical reason why that could not happen?

Robin Gisby: It may be better for some of the train operators to answer that than myself, but in this situation we had two very different types of passenger. We had shorter-distance leisure and commuter travellers on the GTR network. There were a couple of trains coming in from King's Lynn, but essentially you were dealing with an inner and outer London service that had connectivity right into Moorgate because we had those two lines in anyway, so if you changed you could get there. We then had the longer-distance passengers; most of them wanted to get well north of Peterborough to get home that night, or were coming back from the north and wanted to get into London, probably to continue their journey somewhere else in the south-east. The journey times for them were also critical, if you stopped those big trains at lots of other stations, particularly given the configuration of the tracks. It is a feature of the east coast that the fast lines are in the middle and the slower lines are on the outside. You really want to keep the fast-line trains in the middle to keep them going fast. There are not many platforms on the middle lines, unlike the west coast, which is configured differently. The west coast is configured fast lines, slow lines. The east coast was just built by the Victorians in a different way.

Q56 Mr Harris: In terms of political accountability, can you tell us what contact you had from the beginning with either the railways Minister or the Secretary of State? I would not have expected them to turn up and start directing anything, but presumably they were briefed.

Mark Carne: Yes. The Secretary of State's office was informed of the problems on the evening of the 26th. I personally rang and spoke to him on the evening of the 27th to explain what had happened and the difficulties that we had. I then had a number of conversations with him over the following days—actually every day, I think.

Q57 Mr Harris: You did not speak to him until the 27th.

Mark Carne: That is correct; yes.

Q58 Mr Harris: More than 24 hours after it all started.

Mark Carne: Yes, absolutely. We are accountable for the performance of the railways, so we make all the operational decisions.

Q59 Mr Harris: Did he express any unhappiness at not being briefed earlier?

Mark Carne: He expressed unhappiness with the outcome.

Q60 Mr Harris: Yes, I imagine he did.

Mark Carne: Certainly he did not express any suggestion that he would have wanted any involvement in the decision making earlier on.

Q61 Mr Harris: Have you had any conversations with the Secretary of State about your bonus, which was referred to earlier?

Mark Carne: No.

Q62 Mr Harris: When Network Rail became a public body at the end of September, he made some public comments about ministerial oversight of bonuses, but this did not come up in any phone call then or since.

Mark Carne: No. He has never mentioned it to me.

Q63 Mr Harris: Thank you. The Committee would want to acknowledge the fact that you said you are not going to take your bonus for reasons of the whole year's performance rather than just this one incident. Can you speak on behalf of your fellow directors in terms of bonuses?

Mark Carne: No, absolutely not.

Q64 Mr Harris: Are any other directors giving up their bonuses?

Mark Carne: I will make a decision on the bonuses of the other executive directors at the end of the year, which in our case is the end of March, when I reflect upon their whole year's performance. This will clearly factor in my thinking, as will the many tremendously good things that they have done through the year, and some of the other challenges that we and our passengers have faced across the network. I will balance all those things in my ultimate deliberations.

Q65 Mr Harris: You made some comments to the press on 3 January warning passengers that it would be a couple of years before they saw any major improvements in services. David Cameron has said that we are seeing a record amount of investment in the railways not seen since the Victorian era. That sounds like a very familiar quote to me, because the last Labour Government said exactly the same thing, and they are both true. Given this amount of investment, why are we in the situation today, in 2015, where we still have to wait another two years. This is after a number of HLOS processes and a record level of investment. We are still being told today by Network Rail that we have to wait for two years to see the improvements that, frankly, we should have seen a decade ago.

Mark Carne: If we had invested a decade ago we would have seen the improvements a decade ago, but we did not and we are now embarking upon these enormous projects—the Thameslink project, which will come on line in 2018; and the electrification of the great western main line, which will utterly transform the passenger experience. These projects take years to build. That is why I think it will take time before people will really—

Q66 Mr Harris: But it is not the big projects that we are talking about, is it? It is the day-to-day experience of commuters. You say that 10 years ago we did not have this record amount of money. Actually there have been record amounts of money going into Network Rail for a very long time. It has not just happened in the last year, so why do we still have to wait?

Mark Carne: There are a number of factors that are very important to understand. First, I fully accept that the day-to-day reliability of the railway is not what I would like it to be. We need to do a lot of things to change and improve that. I think it will take a couple of years before we really start to see the improvements come through. You cannot change and turn around the way you work and execute work in an organisation as huge as ours and a network as large as ours on a sixpence. It takes time for that to take place.

At the same time, we have to try to deliver all those things whilst passenger growth is at very high levels. There was a 4.4% increase in passengers in the last year. That is 1.2 million more passengers every week on a network that is already very congested and full. The network itself becomes inherently less reliable because we are carrying more and more passengers on it. That means we have to work even harder to deliver the kind of underlying improvements in reliability to make the overall network more reliable. That is what we are determined to do.

Q67 Mr Harris: Was this growth in passenger numbers a surprise to Network Rail? It was not a surprise to anyone else. It has been growing at a record rate for a number of years.

Mark Carne: It is fantastic to have a doubling—

Q68 Mr Harris: You do not seem to have planned for it.

Mark Carne: To have a doubling in the number of passengers in the last 20 years is absolutely tremendous. Given the environmental benefits of travelling by train relative to cars, it is hugely positive and I am very excited about that, but it poses us particular challenges in terms of the reliability of the network, to which we now have to rise. We have to strive to improve, by bringing in new technology and new ways of working so that we take even shorter times to execute the kinds of works that we need to do. There are a number of things that we have to do, but it will take time.

Q69 Graham Stringer: I am not sure if you understood Mr Fitzpatrick's question about what the balance was in these works between directly employed people and subcontractors.

Mark Carne: I apologise if I did not answer it fully. The Amey joint venture, or alliance, is a group which has about 250 people in it in terms of the organisation of work. About 50 of those are Network Rail and the balance are Amey, but it is a fully integrated team. There is no man-to-man marking at all. It is the best person for the job within the alliance.

Q70 Graham Stringer: Would you change that balance after this? Is there any problem with the partners or the subcontractors?

Mark Carne: I am strongly supportive of the alliance structure that we have with Amey. We have just recently awarded those contracts. They are 10-year contracts, and built into the unit rates within the contracts are the kinds of efficiency improvements we have to deliver if we are going to deliver the cost reductions that are required under our regulatory settlement. I think it is an innovative way of working in a risk-reward structure with a contractor, where you are really incentivised to deliver the benefits that the regulatory settlement requires.

In the case of the signalling contractor we used, there were clear failings in the way that work was executed, but I am tremendously encouraged sometimes by the way that the

industry comes together. What has happened since this event is that two competitors of that company, at our request, have said they will come in and work with us and that contractor to help improve the way they work. This is the industry as a whole coming together.

Q71 Chair: You referred to the signalling contractor in a very light way—I will not say casual way. You say there were clear failings, but actually the problems to do with signal testing were absolutely major, and caused some of the major problems. What went wrong there? Is it symptomatic of other signalling problems, other signal testing problems and the like?

Mark Carne: No. It is absolutely possible to execute this task in the way it was planned. That is done in most cases across the network in far more complex jobs than the one that actually went wrong. There is nothing fundamentally wrong with the way this should be done, but on this particular occasion the way the work was organised and the way the test sheets came back from the various testers and were then organised for the final check was not done properly.

Q72 Chair: It was not the contractor; it was the process.

Mark Carne: It was the process used by the signalling contractor, yes.

Q73 Graham Stringer: It is not always the most complicated part of a project that goes wrong sometimes. If it was predictable, life would be a lot easier. Do you think it was a mistake to do so much work over this period? When you are doing so much work and something goes wrong, there is less flexibility within the system. Was it sensible to have the west coast main line out when you are also doing work on the east coast main line?

Mark Carne: The irony in this is that, of course, we did not want to have both the west coast and the east coast shut, which is why we had the plan to bring the east coast back into line for a day and then shut it again before we brought it back in on the Monday. We specifically did not want to do that, but there is no question; we are at full stretch on a programme of works of the nature that we had over the Christmas period. Where we have particular resources that we know are going to be very tight—for example, on signalling testers and on overhead line engineers—every individual is specifically named, and we know exactly where they are going to be at what particular time. This was one of the lessons from the 2007 overrun. I cannot say that we were overstretched. Certainly it was a very full programme of work, and the vast majority of it, 99% of it, was delivered on time and very successfully.

Q74 Graham Stringer: I accept that. I am just stressing the point that when you are doing so much, when things go wrong, and often they do, there is less flexibility in the system. Would you attempt to do this much work again, if you decided to do it over a Christmas period? Would you attempt a programme of that size again?

Mark Carne: The purpose of the second review that we triggered is precisely to try to answer that question. It is a decision with other consequences. If you decide not to do it then, you still have to do the work. It means that perhaps you disrupt passengers to a greater extent by doing it at a different time of year. We may well end up still concluding

that we need to try to do it at this time because it has the lowest net impact on passengers and on the economy.

Q75 Graham Stringer: You talked about the way the different parts of the rail industry pulled together in this. Circular evidence we have received from RMT says that the train operating companies did not co-operate; they looked after their own business and did not behave in a collective manner to deal with the problem. Would you care to comment on that?

Mark Carne: We have been clear about the relationship that we have with the train operating companies. I think you should speak to the train operating companies on that point. As far as I am concerned—

Q76 Graham Stringer: I am asking you whether the train operating companies co-operated at all.

Mark Carne: Absolutely. When you have a disruption of this nature, everybody jumps to, to say, “How can we help the passengers? How can we try and deliver the best possible service?” Throughout the conference calls that evening, and in the subsequent discussions, all the train operating companies were involved in those calls and in thinking through how we could collectively deliver the best that we could. Of course, it did not work out exactly the way we hoped that it would, but they were totally involved.

Q77 Chair: There were also other problems; we have had a lot of complaints about London Bridge, and about the eastern and western main lines where there was disruption. Have you just taken on too much? What is the specific problem at London Bridge?

Mark Carne: London Bridge is an amazing project. It is part of the Thameslink project. We had a huge 16-day shutdown of the station to completely reconfigure it. It is rather different; it is completely reconfiguring the railway system and the railway lines. There are 25 different sets of points. It is a huge re-signalling job and a massive programme of works as part of the more than £1 billion that we are spending on creating what will be one of the world’s great stations in just three years’ time.

When you do that, basically, you start with a new station on day one. We are running a full service on day one with 200,000 passengers coming through that station. There is no nice gradual build-up; it is just “Bang” on day one. Unfortunately, there was some significant congestion in the concourse area at London Bridge. It was caused by a very simple thing. We had only one set of customer information screens. Passengers congregated around that area and formed a blockage, which then stopped passengers being able to get off the platform. Within two days, we had put up a completely new set of information screens in a different part of the station, which then moved the passengers around in a different kind of way. Since then, the flow has been pretty good. We did not get it right first time, but we reacted very quickly. It will be an absolutely world-class station, but there is still a lot to do to finish that project over the next three years.

Q78 Jim Fitzpatrick: I want to take you back to your bonus, Mr Carne. You responded to questions from the younger Mr McCartney about that. You said it was worth tens of thousands. The media reports said it was a lot more, but I am not saying the media reports are right because you would know better than they. You also said that you will determine the bonuses of the other directors, and that there was a formula for penalties for contractors who

failed to deliver. Is there a formula for your bonus and the other directors' bonuses? Is there an impact in terms of the number of trains delayed, for example, or the number of passengers inconvenienced? Is it on projects? How is the bonus constructed? Who makes the decision as to the award, as opposed to your decision to say, "No, I am giving it up"?

Mark Carne: Thank you. I would like to clarify that. As far as executive directors are concerned, it is the remuneration committee that ultimately decides. However, they will decide based on a recommendation that I will give them.

On your other point, this is one of the enhancements that I am very pleased we have done. Previously, bonuses were a bit of a black box, if I can put it that way, as to how they were calculated. What we now do every month, every period of four weeks, is to publish internally a balanced score card which shows how we are performing as a company. That includes things like passenger safety, public safety and our own work force safety. It includes train punctuality and our financial performance. Are we spending the right amounts of money? How are we doing on our major projects and on our renewals? Critically, what do our customers think of us? All of those are on a score card that we update every period and that we tell all our staff about, so that they can see how we are doing. That is the basis upon which our bonus is calculated.

There is always the opportunity for either myself or the remuneration committee to apply some judgment to that. It is not a purely numerical process, but it is intended to be pretty clear, because it is intended to send signals to our staff the whole time about performance. Performance matters, and it affects the way we are viewed as a company. I also want them to align around the things that we are not doing well enough on: "We are not doing well enough on this, so let's really focus on it."

Q79 Jim Fitzpatrick: Given that it is a bonus that would be above the remuneration package and people's salary levels, is it a percentage of how much that is worth or is it a set sum which is put aside by the company and will be drawn on? How far down the managerial line does it go? Is it just the directors or is it the principal officers as well? How far does the bonus and performance-related pay stretch within Network Rail?

Chair: Would you like to send us a written answer to that question?

Mark Carne: I can answer it, because it affects 35,000 people. Every single person in Network Rail has a contribution depending on that performance score card. The quantum varies depending upon the level within the organisation. At my level, it is now 20% of my salary. That is the very maximum that I could earn. If we achieve an outstanding result in every single category it will be 20% of my salary. If we were on target, it would be 10% of my salary. We are now, as I have highlighted, below that, so had I not given it up it would have been significantly less than that. I would be very happy to write to the Committee to explain how we introduced this as a part of our performance management culture.

Q80 Chair: That would be helpful. I want to ask you one more question on signal failures. There have been repeated signal failures at London Bridge. Why is that?

Mark Carne: Signal failures are a feature of our network. They contribute about 30% of the total problems we have on the network as a whole. They are unfortunately a feature of the unreliability that we have. Signal failure is a very common cause of problems. A lot of

our signalling systems are very old—40 years old or more—and we are replacing them. That is a part of the problem, yes.

Q81 Martin Vickers: Your report has obviously been submitted to the Secretary of State, I presume. Have you had any preliminary feedback, either from him or his officials?

Mark Carne: I have had informal discussions with his officials, but I have not spoken to him about it since the publication of the report, no.

Q82 Martin Vickers: Has your investigation revealed that perhaps there are some actions that Government need to take in terms of restructuring or the fragmented responsibilities? Some of it is within the remit of Government to make changes. It may or may not need legislation—I do not know—but is there anything that you think Government should be doing?

Mark Carne: I do not think so. The facts as we have laid them out in the report stand clear. The issue around passenger information is one where we all know in the industry that we need to do a far better job. It spans our various organisations and we are very committed to improving it. It is a really big problem, because it is one of the biggest frustrations for passengers that they do not fully understand exactly what is going on, particularly when there is a disruption.

Chair: Thank you both very much.

Examination of Witnesses

Witnesses: **Richard Price**, Chief Executive, Office of Rail Regulation, and **Joanna Whittington**, Director, Railway Markets and Economics, Office of Rail Regulation, gave evidence.

Q83 Chair: Good afternoon and welcome to the Transport Select Committee. Would you give your name and position, please, for our records?

Richard Price: My name is Richard Price. I am the chief executive of the Office of Rail Regulation.

Joanna Whittington: My name is Joanna Whittington. I am a director of the Office of Rail Regulation.

Q84 Chair: Mr Price, did you approve Network Rail's Christmas engineering plans?

Richard Price: No. We do not have a role in approving their plans. We took action following the disruption in 2006-07, and imposed an order on them. Indeed we fined them at that point in relation to that disruption. The order required them to put in place an effective planning system to manage this work effectively. What we do is make sure that they have that planning system in place. The plans themselves are down to Network Rail to formulate and manage.

Q85 Chair: You are saying that you make sure they have the plans to manage the work. Is that right?

Richard Price: We make sure that they are using the system that they put in place as a result of our earlier enforcement order.

Q86 Chair: What does that involve? For example, one of the big issues that has now been identified is to do with lack of adequate contingency plans. Would you have been looking at their proposals and should you have noticed that?

Richard Price: No, not in detail. What we have done in the past, following the order, was to put in an independent audit to make sure that the system was working effectively and that they were putting in place contingency arrangements around these major projects. We know that they have continued to operate that system, and that is what we require them to do.

We do not have a role in checking the individual contingency arrangements.

Q87 Chair: You made a number of recommendations in 2008 following previous major disruptions. They covered a number of areas, including looking at skills factors in terms of having the right people, the right contractors and the right skill sets. That seems to be one of the issues in the Christmas disruption. Do you think those lessons have been learned and that the proposals you put forward have actually been implemented?

Richard Price: Certainly when we had this audited in 2010, the evidence was that the lessons were being learned, but of course in this instance we will look very carefully to see whether the skills were in place, and indeed whether the contingency plans were both appropriate and implemented properly.

Q88 Chair: That is something you are looking at now.

Richard Price: Yes.

Joanna Whittington: As part of our investigation we are looking at three broad areas, which are set out in Network Rail's licence and the train operators' licence. We are looking at Network Rail's planning and oversight of the works, including contingency planning, which has obviously been quite a focus today. We are looking at the provision of information from Network Rail to the train operators, and then from the train operators on to the passengers. Then we are looking at the impact on the train service—punctuality and reliability. Those are all things which are set out in Network Rail's licence and the provision of information in the train operators' licence to enable us to decide whether or not we need to take any regulatory action in that space.

In addition, in carrying out that work and reaching a view on whether or not they have satisfied the terms of their licence, we might make wider observations around the way Network Rail and the operators behaved on the day, in terms of implementing the contingency planning. For example, was it a good idea to do it at Christmas? What should a contingency plan around Christmas look like, given the availability of the network more generally, and the different service levels and the different types of passengers?

Those things might not directly go to regulatory action, but we intend in our investigation to cover those observations in order that they can feed into the lessons learned that the industry as a whole will take from this.

Q89 Chair: You had already made quite serious criticisms of Network Rail's performance before this happened. Do you think any of that related to what happened over Christmas? Do you think they were trying to catch up on work that you told them they had not done?

Richard Price: We will look at that in the investigation. I do not think that more work was being done over Christmas than had been planned for some time. If you look at the way the system for managing work that Network Rail introduced as a result of our earlier action has worked—Mark Carne referred to this—it has resulted in a significant reduction in disruption from overrunning major projects. What we are looking at here is the fact that clearly things went very wrong in this instance, not least from the perspective that once things had gone wrong there was a dreadful experience for rail users as a consequence. I see a specific set of circumstances that we have to investigate. As I said, a large number of things went right on the network over Christmas and new year, but passengers were really badly let down on this occasion.

Q90 Chair: Do you have any powers on passengers' rights to compensation, or their right to know about compensation?

Richard Price: We looked at this earlier in the year. The powers that we have are in relation to the licence condition that we took, if you remember, two years ago, which requires both Network Rail and the train operators to co-operate on giving passengers the information they need during disruption. That includes keeping them informed of their rights to compensation.

We did some work last year. We got Passenger Focus to do some research for us, which revealed that 75% of customers of the railway do not understand their compensation rights. We absolutely want to see the train companies in particular doing more to keep passengers informed. We see some progress. East Coast, for example, have set a benchmark for the way they let passengers know how they can claim compensation, but there is quite a lot more work that needs to be done across the industry to get this right.

Q91 Chair: Is that part of a licence condition?

Richard Price: Yes.

Q92 Chair: Will you be looking at the problems at London Bridge?

Richard Price: First of all, we will be looking at the extent to which people were informed of their compensation rights as part of our investigation. We are not looking at London Bridge as part of this investigation because we think the circumstances are different. What we saw at Finsbury Park and at Paddington involved people in very unfamiliar circumstances, travelling around the holiday period with luggage and children—people were unable to use the staircases and so on; whereas at London Bridge, the issues we saw were around the introduction of a new system at a station which was being used by commuters.

We are looking at London Bridge as part of our work routinely. We have had inspectors there looking at flows across the platforms where there is less space. We also had inspectors looking at the pedestrian flow issues that you heard Mark talking about earlier. Network Rail has been quite quick to sort out the pedestrian flow issues, but we are continuing to look to see whether those are working. Yes, we are looking at that.

Q93 Jim Fitzpatrick: In terms of the investigation that you are undertaking, do you have a time frame for how long that will take? Will the report be publicly published or will it go to the Department for Transport? How do you handle the outcomes?

Joanna Whittington: We are planning to complete the report in a very tight time scale. We would like to report to our board by 30 January. The board will make potentially one of two recommendations. It might make a recommendation that there has been a breach of licence, in which case what we would expect to publish following that would in effect be “a case to answer” letter to the party. We would not publish the report until we had reached a final view as to whether or not there was licence breach and what action would flow from that.

If we decide that there has not been a breach of the licence that leads to enforcement action, we would expect to publish the report and the wider observations that we make in it—because that would become the valuable part of it at that point—as soon as is reasonably practicable after our board has considered it.

Q94 Jim Fitzpatrick: Are we talking weeks or months?

Joanna Whittington: I would like to publish it by the end of February, because I think its value is in influencing engineering work that has already been planned in terms of the Easter period and so on. It is in that context. I do not think it will necessarily provide all the answers, but there are a number of investigations that people have been referring to today and I see it feeding into that.

Richard Price: We aim to get preliminary findings by the end of January so that our board can take those decisions.

Q95 Chair: Mr Price, I appreciate you are in the process of this investigation and clearly you cannot give conclusions because you have not completed it yet. Is it your impression that there is a systemic problem in Network Rail in relation to engineering works?

Richard Price: The issues that we are looking at here are system-wide. This is not just Network Rail. We will certainly be looking at the causes of the overruns in the context of the work around Holloway and Finsbury Park and at Paddington. What we are really interested in is what happened to passengers. Who was looking after the passengers through all this? The causal factors are clearly in the chain that leads to passenger disruption. We will be looking at Network Rail’s responsibility in that.

As I say, Network Rail delivered a lot over Christmas. In this case, things went badly wrong and it was in a particularly difficult set of circumstances, which meant that the effect on customers was amplified. We will be looking at the handover, including the passenger information and train platform management, between Network Rail and the train companies. The other thing we will be looking at is what information customers were getting. I was at Finsbury Park, and I saw people queuing around the block outside the station. They were unable to understand how to get to their trains. There was nobody from the rail industry out there giving them either information or a reassuring presence.

Q96 Jim Fitzpatrick: Were you on duty, Mr Price?

Richard Price: When I heard that it was happening I went along. I live in the area, so there was no great difficulty for me to get there. The difficulty for me was nothing compared with the hardship that people who were queuing out in the cold were experiencing. Somebody wrote to me: “I have never experienced such a train journey in my life. Utter chaos and bad organisation.” There were other people talking about the difficulty of getting around the station. Elderly people were being left outside in the drizzle and the cold. I saw hundreds of people queuing outside the station. The only significant presence outside the station was the British Transport Police. We want to understand what information was going to passengers and how they were being looked after, because it did not look at all good to me.

Q97 Mr Harris: Do you think there is any point? I do not want to pre-empt your investigation. You may not fine Network Rail for this particular incident, but in this and in other incidents is there really any point? It is money that is publicly provided. Does it just get passed on to the passenger or does it come out of their budgets, which leaves them with less money to do the repairs and the improvements that we all want to see?

Joanna Whittington: If we were to find a breach, one of the options is to fine Network Rail or a train operator. Fines are relatively widely used in the regulation of utilities. They send a very clear message to senior management that the behaviour we have seen is not acceptable in the wider world. Public sector organisations obviously have a number of other issues associated with them, which you have described. That is why, well before we get to that stage, finding a breach would enable us to put in place an order around doing something differently.

We have previously required them to prepare a plan, or potentially required them to prepare a recovery plan with industry coming on board. Some of the issues that we are talking about in relation to contingency planning and handing over feel to me to be potentially in that sort of space. It is open to us, if we feel that the behaviour was sufficiently bad and that management itself is not getting that message, to fine them.

Q98 Mr Harris: Do you have enough powers in this respect? Are there other sanctions that you might like to have but you do not have and you might consider asking the Government for? For example, going back to our earlier discussion when Network Rail were here, would you consider it worth while pursuing the idea that, instead of suing the company, you could have some direct effect on bonuses for senior managers?

Richard Price: We will look at this in the process of the investigation. If we find that we do not have the powers that we need to act, that will be part of the wider observations that we make. As I say, we took a licence condition across the whole industry on the provision of passenger information. This is a really good instance where we are using that, not for the first time, to see whether it has the effect we want it to. One thing we might look at is whether we have sufficient power to ask more of the industry. The industry is in the process of putting in place plans—a set of commitments—to improve its passenger information. We were expecting them to have delivered that and committed to it by now, and we want that to go faster. We will look at all that.

You asked about bonuses. We already report to Network Rail’s board and remuneration committee annually on the overall performance of Network Rail against its regulatory

commitments. Those feed straight into the system that Mark just described in terms of the score card against which bonuses are assessed.

Q99 Mr Harris: Have you noticed any effect on that?

Richard Price: As Mark said, it is a new system. What he has done is good because, for the first time, people can see very clearly what the relationship is between what Network Rail is delivering almost month on month and their remuneration. It is really for Network Rail's remuneration committee to determine the amounts overall, but obviously we expect that, if they are not delivering their regulatory commitments or their commitments to customers, it should be reflected in their bonuses.

Q100 Graham Stringer: This follows on from Mr Fitzpatrick's question. You said you went to look at what was happening. Did you have any direct contact with Network Rail during that time?

Richard Price: Indirectly. We passed messages around via ORR's office on the fact that people were not being briefed outside the station, and also indirectly to GTR.

Q101 Graham Stringer: Telephone calls? E-mails?

Richard Price: Phone calls were made from our office. I did not have the numbers with me so I was passing messages via our office.

Q102 Graham Stringer: That was just to help them, was it? What was the purpose of that communication?

Richard Price: The purpose was to make sure they were aware that there were people outside the station who were not getting information. There were no station staff outside the station so I passed the message on via the police outside the station.

Q103 Graham Stringer: I know you have not done the investigation yet, but we have been here before, haven't we, after the 2007 Christmas and the report you did then, which had a number of recommendations. Do you believe that all those recommendations were taken into account in the planning of this work over the Christmas period?

Richard Price: That is what our investigation will have to look at. As I said, we do not sign off Network Rail's plans in advance, but clearly where things have gone wrong in this case we need to understand why.

Q104 Martin Vickers: You just said, Mr Price, that there were no station staff outside Finsbury Park station, which I think everyone will find absolutely staggering. We heard from Mr Carne and Mr Gisby about all the problems. We also heard from them about contacts with the rail operators and so on. They may have been in short supply, but do you find it equally staggering that there was no one there?

Richard Price: I was very surprised. There was a situation where people were coming to the end of the queue and weren't quite sure which queue they were joining, and then having to walk to the front of the queue to find out what was going on. It really was not a good situation from the passengers' perspective.

You asked earlier about what rehearsals or drills are in place in situations like that. I was glad to hear Mr Gisby talking about the fact that the industry is giving thought to what happens at stations like Finsbury Park when the normal terminal stations are closed. You did not get the sense that there was a well-rehearsed drill in place on this occasion. From what I could see, that left station staff in a position they shouldn't have been in, let alone passengers.

Q105 Martin Vickers: Following on from the question that I asked the previous witnesses as regards the structure and who was responsible for informing people, do your preliminary inquiries suggest that perhaps some restructuring as regards responsibilities should take place?

Richard Price: Joanna might want to add to this. The important thing is that the industry delivers what it has already committed to deliver. That comes in two phases. There are already commitments from the industry in terms of keeping people informed during disruption. The investigation will look to see whether they have complied with their own code and therefore are not in breach of their licence under their existing commitments.

The second wave of commitments we are looking to the industry to make now reflects the fact that, although improvements have been made already, there are still shortfalls between what the industry has delivered and what customers say they want in terms of consistency of information from different channels, and information about compensation and so forth. The key thing is that the industry works collectively to deliver the commitments it has already made.

Joanna Whittington: To reassure you, as part of our investigation we have already received submissions from all the affected train operators, together with Network Rail. We will be looking at what Network Rail said here, in their report and in our working level contacts, and piecing that together with what the train operators said to us. Then we will start to get a sense of what happened and, more importantly, why it happened, and we will start to think about what we might want to do next, whether it be in the form of regulatory action or potentially in that wider observation space, which could lead to a future modification to the licences.

Q106 Graham Stringer: Is that evidence publicly available from the train operating companies?

Joanna Whittington: That is a good question. I do not know whether it will be at this stage. If we reference it as part of the report, we will obviously send it back to them for factual accuracy checking, but our intention is that it will then be incorporated in our report, which will become publicly available.

Q107 Graham Stringer: You heard the question I asked Network Rail about the co-operation of the train operating companies. We have obviously had some recent evidence that it was not as good as Mr Carne told us. Is there anything from the reports you have had from the train operating companies that indicates that the relationships were not as harmonious as we have been told they were?

Joanna Whittington: It is a very early stage in the investigation, in the sense that I have received most of the information in the last couple of days, so I would not want to comment.

Q108 Chair: Is that one of the areas you are looking at?

Joanna Whittington: Absolutely.

Q109 Chair: You are looking at the relationships and the sector generally, not just Network Rail on its own?

Richard Price: Yes.

Joanna Whittington: In order to report to our board by 30 January, we have to be quite clear, in the context of this investigation and the delays that occurred at King's Cross and Paddington, about whether there were issues around communication. Some of them were alluded to earlier in relation to platforms 4 and 5 and what the understanding was there.

It might be that as a result of that we want to make a general observation about the quality of that communication and to discuss it more broadly in the industry. If we are going to deliver something by 30 January, the report itself has to be linked to what we see on the ground at King's Cross and Paddington.

Richard Price: What we are looking at in both of these cases is system-wide. It is the whole system and the effects of disruption for passengers.

Q110 Chair: You may decide to make comments about how the system operates.

Richard Price: Yes, if necessary we will.

Q111 Chair: As well as what Network Rail did or did not do.

Richard Price: That's right.

Q112 Jason McCartney: Mr Price, will your first-hand observations and experience be used in your report? Will you be interviewed?

Richard Price: Yes. I am contributing to the investigation and I am under instructions from the chief inspector to offer him a report on this.

Q113 Jason McCartney: Your own visual experiences will be used in that.

Richard Price: Yes.

Q114 Jason McCartney: Obviously by going out there on Boxing Day yourself you personally believe that it is important for someone who is a well-remunerated leader of an organisation to get out there. Is that something you personally believe?

Richard Price: I think it is important that the chain of command operates in a way—

Jason McCartney: A yes or a no would be sufficient.

Q115 Chair: I do not think we should press that. You can answer about yourself.

Richard Price: It was not difficult for me to get there. The important thing is that there are eyes and ears on the ground so that the system understands what is going on and can respond effectively.

Q116 Jason McCartney: Did you see Mr Gisby when you were out and about?

Richard Price: I saw Mr Gisby outside King's Cross on the television.

Q117 Jason McCartney: Did you do any media interviews yourself?

Richard Price: No.

Q118 Jason McCartney: Looking at the potential fines and previous penalty notices, the range is from £2.4 million on 6 September 2007 to £14 million on 13 May 2008. There was £3 million on 22 November 2010. Is that the sort of range we are looking at for any potential fine? Is there a level you can go up to? Is there a cap? The range is £2.4 million to £14 million.

Joanna Whittington: In legislation there is a cap, which is that the penalty cannot exceed 10% of the turnover of the licensed entity. I would not want to leave you with the impression that that is the sort of fine we will likely be considering. Potentially more important in this space is what an order might say around planning and doing something differently the next time round. There are particular issues with fining in the public sector. There is plenty to indicate that Network Rail are taking this very seriously.

Q119 Jason McCartney: That is £20 million of fines. Where specifically has that money gone, or what was the intention? Where has that £20 million gone?

Richard Price: The money goes ultimately to the consolidated fund. It goes to taxpayers or to public expenditure. That is the way the legislation works, and that is what is required.

Q120 Jason McCartney: The big issue about this was the inconvenience and the chaos for the passengers themselves. In terms of your report, how do you see recompensing and compensating passengers, or is it just the actual operation of Network Rail itself? Will you be making recommendations about the level of recompense or compensation for passengers?

Chair: What powers do you have in that area?

Joanna Whittington: Compensation is a requirement of the National Conditions of Carriage. There are two schemes. There is a delay repay scheme and a charter-based scheme. As I understand it, they are a requirement of the franchising agreement process. The key focus for the regulator in this space is to emphasise to train operators the importance of getting that information out and making it clear to passengers how they can claim compensation or a refund, if that is what they are entitled to. One of the things we would like better information on is using websites and information leaflets at the station so that people can easily claim that.

Q121 Chair: Those are the areas that you are concerned with.

Joanna Whittington: Yes, those are our areas.

Q122 Jim Fitzpatrick: If I may, I want to go back to your visit to Finsbury Park, Mr Price. I am quite tickled that you went down there. It is to your great credit that you did and I think most, if not all, of my colleagues in the Committee would share that view. Did you identify yourself? I am assuming that you did not wear a high-vis jacket with “Office of Rail Regulation” on it, because the disgruntled passengers might have been pleased to see somebody that they might want to talk to. Did you identify yourself to station staff, or did you just walk around and make observations? How did that work?

Richard Price: I did not identify myself to the station staff because I am not in the chain of command. As I said, once I had spotted there was a problem with information outside the station I got the message through in the most effective way I could by talking to the police outside the station, who, as I understand it, passed the message on. I talked to passengers. People were asking anyone who was around and looked authoritative which queue they should be in. It was striking that there were two queues but it was not clear which queue you should be in to get to which train. There was quite a lot of confusion. People could ultimately see trains scheduled on the boards outside the station but weren't sure whether, if they joined the end of the queue, they would get into the station in time. The lack of that kind of basic information outside the station was the thing that struck me.

Joanna Whittington: Clearly the passenger experience is absolutely fundamental to this report. In addition to Richard's experience, we have also been in touch with Passenger Focus and London TravelWatch. As an organisation, we have already received 40 letters directly from passengers who were affected. We will be carrying out an analysis of the social media on the day so that we can provide a better and more comprehensive view of what the passenger experience was across the piece.

Richard Price: Specifically in terms of Passenger Focus, we asked them to invite comments from people who were affected on the day so that we get a richer base of information. It should not be based on what I saw; it should be broadly based on what customers experienced.

Q123 Chair: Will that be a report for you?

Richard Price: It will be reflected in the report of our investigation. It will ultimately be public, but it will go to our board and will inform them in taking their decision on the licence breach question.

Chair: Thank you both very much.